

ACQUISITION,
TECHNOLOGY
AND LOGISTICS

THE UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

JUN 4 2004

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
ASSISTANT SECRETARIES OF DEFENSE
GENERAL COUNSEL OF THE DEPARTMENT
DEFENSE
DIRECTOR, OPERATIONAL TEST AND EVALUATION
INSPECTOR GENERAL OF THE DEPARTMENT OF
DEFENSE
ASSISTANTS TO THE SECRETARY OF DEFENSE
DIRECTOR, DEFENSE WSEARCH AND ENGINEERING
DIRECTOR, ADMINISTRATION AND **MANAGEMENT**
DIRECTORS OF THE DEFENSE AGENCIES

SUBJECT: Premium Class Travel

The recently completed General Accounting Office audit of the **DoD** Travel Cards Program identified weaknesses in the overall internal controls, policies and procedures used by **DoD** in approving premium class (first class or business class) travel. The audit recommended that current and future Commercial Travel Office (CTO) contracts contain performance standards directing **CTOs** not to issue airline tickets for premium class travel unless the traveler's order clearly identifies that premium class travel is authorized.

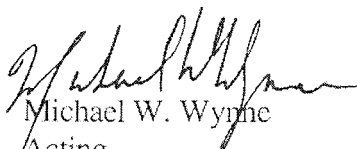
In response to the **GAO's** recommendation the Joint Federal Travel Regulations (JFTR) for military travelers and the Joint Travel Regulations (JTR) for civilian travelers were changed on March 1, 2004 specifically prohibiting CTOs from issuing premium class tickets without proper approval. In addition, the Program Management Office for the Defense **Travel** System has included performance standards in its consolidated CTO contracts scheduled for implementation in **FY05** that not only prohibit but penalize the CTO for the improper issuance of premium class tickets.

To ensure that existing **DoD** Component contracts and other binding agreements contain detailed and specific contract language on premium class travel, each **DoD** Component shall review all existing **CTO** contracts and binding agreements and ensure they contain specific language prohibiting the improper issuance of premium class tickets. A clause that addresses improper issuance of tickets must be included in all **CTO** contracts and binding agreements providing that the contractor shall be liable to the government for the difference in cost between the price of the ticket issued and the price



difference in cost between the price of the ticket issued and the price of the ticket that should have been issued. Contracts and binding agreements that do not fully address premium class travel must be modified. This action ~~shall~~ be completed no later than 90 days from the date of this memorandum. Notification that all reviews and required ~~contract~~ modifications are complete should be provided to my point of contact. Suggested contract language that can be used when preparing contract modifications are at the attachment.

My point of contact for this action is Mr. Roy A. Brooks, OADUSD(TP), E-mail address: roy.brooks.ctr@osd.mil, tel no: 703-601-4461 ext 114.



Michael W. Wynne
Acting

Attachment:

As stated

cc: Commander, USTRANSCOM

Suggested CTO Contract Language for Premium Class Travel

Clause 1. "The Contractor shall not issue a premium class (first class or business class) ticket at government expense without receiving a properly signed travel order as directed in the Joint Federal Travel Regulations(**JFTR**)and the Joint Travel Regulations (JTR) or a more restrictive military service or **DoD** Agency regulation. The travel order must specifically **state** on the order that the use of premium class travel is authorized, and must specifically identify the class of service authorized, the **JFTR/JTR** reference that was used to justify the travel, and the premium travel approving official, Travelers are authorized to upgrade to premium class service and accommodations at their personnel expense or by use of personal frequent travel miles or benefits."

Clause 2. "The Contractor shall reimburse be liable to the Government for the difference between business or **first** class service and the lowest coach class fare if business or **first** class arrangements are used for the difference in cost between the price of the **first** class or business class ticket that was issued and the price of the coach class ticket that should have been used whenever the contractor issues premium class tickets without appropriate approval in accordance with **DoD** travel **policy**as required by the contract."